

CITY OF LODI  
INFORMAL INFORMATIONAL MEETING  
"SHIRTSLEEVE" SESSION  
CARNEGIE FORUM  
305 W. PINE STREET  
TUESDAY, SEPTEMBER 21, 1999

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, September 21, 1999 commencing at 7:00 a.m.

ROLL CALL

Present: Council Members – Nakanishi, Pennino and Land (Mayor)

Absent: Council Members – Hitchcock and Mann

Also Present: City Manager Flynn, Deputy City Manager Keeter, Public Works Director Prima, Human Resources Director Narloch, Fire Chief Kenley, Library Services Director Martinez, City Attorney Hays and City Clerk Reimche

Also present in the audience was a representative from The Record.

TOPIC(S)

1. Compensation Study

ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at approximately 8:15 a.m.

ATTEST:

  
Alice M. Reimche  
City Clerk

**SUBJECT:** Draft #2 Salary Policy Options and Parameters

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## **COMPENSATION SURVEY PARAMETERS**

The City of Lodi wants to provide salaries to employees that are competitive and fair. In order to maintain equity with the market and review internal relationships, the City will attempt to survey the market every three to five years depending on the economy, organizational status and/or negotiations.

### **Labor Market**

The overall objective in selecting survey employers is to define as accurately as possible the City's "Labor Market". A labor market consists of those employers with whom the City competes for employees. The criteria typically utilized in identifying those employers includes the following:

- **Employer Size** - As a general rule, the more similar employers are in size and complexity, the greater the likelihood that comparable positions exist within both organizations. Specifically, agencies of similar size to the City are likely to have departmental structures and organization of positions more similar to the City than organizations that are significantly larger or smaller in size.
- **Geographic Proximity** - Geographic proximity is another factor utilized in identifying an appropriate labor market. This factor is particularly important because it identifies those employers that the City must directly compete with to recruit and retain quality staff. Furthermore, by selecting employers within close geographic proximity, it ensures that the resulting labor market will be generally indicative of the region's cost of living.
- **Nature of Services Provided** - As a general rule similar organizations are selected as survey employers, because they all provide similar services. This is important because employers who provide similar services are most likely to compete with one another for employees, they are most likely to have comparable jobs, and they are most likely to have similar organizational characteristics.

Based on the above considerations, the City's labor market is presented below.

City of Chico  
City of Clovis  
City of Davis  
City of Fairfield  
City of Manteca  
City of Merced  
City of Modesto  
City of Redding  
City of Roseville  
City of Stockton  
City of Tracy  
City of Turlock  
City of Vacaville  
City of Visalia  
City of Woodland

### **Benchmark Classes**

Benchmarks are a representative classification from the City's class plan that are surveyed in the market to determine a market linkage for the salary plan. Generally, the following guidelines should be used to determine benchmarks:

- The journey level class within a class series (e.g. professional, technical, maintenance, and office support).
- Either the first-line supervisor or division head depending on the occupational structure.
- Selected specialized classes that have a highly likelihood of comparability on the market.

## **Survey Scope**

The scope of the survey will include collection of the following information for each survey class:

- Title of each comparable class.
- Entry and top step monthly salary.
- Reporting and supervisory relationships.
- Major functional areas of assignment.
- Effective date of the salaries.
- Next planned salary increase, if available.

## **SALARY SURVEY METHODOLOGY**

The salary plan should be developed using sound principles and practices of compensation administration. The following process should occur to develop a integrated pay plan:

1. The mean (average) top step labor market salary is used to set the top step of the City of Lodi benchmark classification salary.
2. All classes are then set to the benchmarks using internal relationship guidelines typically utilized by local government agencies:
  - Approximately 15% between trainee and entry level classes in a series.
  - Approximately 10% between entry and journey level classes in a series.
  - Approximately 10% - 15% between journey and advanced journey level classes in a series depending on the level of supervision exercised.
  - Approximately 15% between first-line supervisor and subordinate classes.
  - Approximately 15% - 20% between supervisors and section heads depending on levels within the organization structure.

As a practical matter, there could be occasions when market data will skew internal alignments. In those cases internal alignments may take precedence over market data. Consideration will be given to maintaining the integrity of internal alignments.

## IMPLEMENTATION

There are two aspects of implementing a salary plan. The first affects the classification and the second affects the incumbent. The information provided above describes the development of the compensation plan. The next step is to determine the implementation process for the actual salaries of the employees.

It is the City's philosophy to implement salary plans to the fullest extent possible (e.g. set employee salary in the new range consistent with the step in the current range). However, there are times, due to economics, when the City's ability to pay will affect the implementation of salary surveys. Due to unforeseen contingencies, the City will determine each time which cost option to use to implement study results. Described below are options the City may consider:

### Cost Options

1. Set the new salary of the employee to the same step in the new range equal to the current step (e.g., E step to E step)
2. Set the new salary of the employee to the step nearest (but no less than) the existing salary (e.g., E step to B step)
3. Set the new salary of the employee to the new range with a minimum increase of 5% above the current salary.

There are three types of resulting implementation actions depending on the disparity between the old salary range and the new range and where the employee falls within their current range. Described below are the three possible impacts for individual employee salary.

- The current salary is *below* the new range. Action would depend on the cost option selected for implementation.
- The current salary is *within* the new range. Action would depend on the cost option selected for implementation.
- The current salary is *above* the new range. The employee salary would be held until the range reaches the incumbent's salary ("Y-rating").

**THE CITY MAY EXPLORE THE POSSIBILITY OF A BONUS SYSTEM FOR LONG TENURED EMPLOYEES BASED ON ACHIEVEMENT OF SPECIFIC GOALS AND OBJECTIVES. THIS WOULD BE A DIFFERENT SYSTEM AND PROCESS THEN OUTLINED IN THIS POLICY.**

END  
XXXXXXXX

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# COST OPTION NO. 1

Example: CITY MID-MANAGEMENT WORKER

	STEP A	STEP B	STEP C	STEP D	STEP E
CURRENT SALARY RANGE:	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647
PROPOSED RANGE INCREASE:			15%		
PROPOSED SALARY RANGE:	\$ 3,450	\$ 3,623	\$ 3,804	\$ 3,994	\$ 4,193

# COST OPTION NO. 2

Example: CITY MID-MANAGEMENT WORKER

	STEP A	STEP B	STEP C	STEP D	STEP E
CURRENT SALARY RANGE:	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647
PROPOSED RANGE INCREASE:			15%		
PROPOSED SALARY RANGE:	\$ 3,450	\$ 3,623	\$ 3,804	\$ 3,994	\$ 4,193

# COST OPTION NO. 3

Example: CITY MID-MANAGEMENT WORKER

	STEP A	STEP B	STEP C	STEP D	STEP E
CURRENT SALARY RANGE:	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647
PROPOSED RANGE INCREASE:			15%		
PROPOSED SALARY RANGE:	\$ 3,450	\$ 3,623	\$ 3,804	\$ 3,994	\$ 4,193

